

The Honorable Jeff Flake
House Government Reform Subcommittee on the Federal Workforce
Hearing on the Working for America Act (WFAA)

Wednesday, October 5, 2005

Chairman Porter, Ranking Member Davis and Members of the House Federal Workforce and Agency Organization Subcommittee:

Thank you for inviting me to testify on the merits of the Working for America Act (WFAA). At a time of national emergency and increased federal spending, it is irresponsible to not seek to make the federal workforce more efficient and effective. I believe that the WFAA establishes new incentives that will not only improve the morale of federal workers, but will, in the long run, maximize taxpayer dollars. In essence, we will be buying more productivity with less money.

Most of us agree that the current General Schedule civil service system based on the government of 1950, which was comprised largely of clerks, has become outdated in today's modern workforce. The workforce has changed, and the way that workers are compensated must be changed as well. There must be a system in place to differentiate between employees who perform at or above expectations from those who do not. The federal government has a limited amount of money and time to provide the services it has been charged with. Colleen Kelly of the National Treasury Employees Union (NTEU) has stated that leaders, not systems, improve performance. Well, effective leaders invest where the payback is the highest, and that is with employees who meet or exceed expectations. Americans want a federal government they can trust to perform effectively by encouraging meritocracy within, not a system that promotes poor performers and breeds mediocrity.

Some have said that merit pay is unfair because it is always corrupted by office politics. It is true that a perfect system does not exist. Luckily, cases of abuse can be prevented by a candid, clear-cut performance system, with defined expectations, goals, and timelines, and a program of consistent appraisals. Most importantly, and I think this is something easily forgotten, is that under the WFAA, the Office of Personnel and Management (OPM) must certify that each agency is ready to switch from the current General Schedule system to performance-based pay. OPM must ensure that each agency establishes a link between the agency's strategic plan and their performance management system. They are the human resources department of the federal government and play a key role throughout this process. Ensuring that adequate agency resources are allocated for the design, implementation and administration of their performance management system is also necessary. I believe that transforming administrative budgets of the agencies into line-item appropriations would be a positive step to ensure this funding is there.

I have also heard the federal employee unions say that merit pay pits people against one another and undermines teamwork. Our own Arizona Diamondbacks function perfectly well as a team with a very transparent system of merit pay. Stars are

rewarded handsomely and underperformers are asked not to come back the next season. And, just like federal employees, players' salaries are very public. Some team members make \$10 million a year, and others wearing the same uniform make the Major League minimum of \$300,000. And yet everyone pulls together for the *team* to win. In game seven of the 2001 World Series, I am sure Luis Gonzalez's single to left field which brought Jay Bell home felt good, but I am sure it felt a lot better to him because it meant that the Diamondbacks beat the Yankees to become the quickest expansion team ever to win a World Series. Without question, Gonzales loves to excel for his own sake. But I am sure it is always more fun and exciting when his team wins. No doubt, this takes great leadership and a well-communicated and understood system of rules and regulations.

The WFAA would make modest, commonsense changes in the federal labor relations statute to clarify essential management prerogatives, while also preserving the important role and rights of unions in the federal labor relations system. It is important to note that bargaining would still be required before an agency could act, but only when the effect of a proposed management action is foreseeable, substantial and significant. This standard is similar to that used by the private sector today.

Bargaining would not be required over any aspect of a pay system. Employee input would be obtained through a 30-day "meet and confer" period following publication of the proposed pay-for-performance system in the Federal Register, and collaboration would continue as implementing directives are proposed. This alternative to bargaining would allow agencies to develop consistent programs allowing for agency-wide application, but also important flexibility for local needs. Additionally, union input would be obtained more quickly by avoiding lengthy delays caused by bargaining disputes.

Bargaining would also not be required over management action necessary to carry out the agency mission during an emergency, or to prepare for, practice for, or prevent any emergency. This would give agencies the flexibility to conduct unannounced simulations to ensure emergency preparedness. As we have seen in the aftermath of Hurricane Katrina, in a state of emergency we do not have time to cut through red tape.

Lastly, the WFAA authorizes the establishment of a streamlined and consolidated one-stop-shop process for effectively resolving collective bargaining disputes. This consolidated approach would provide more timely resolution of bargaining disputes, rather than the current system, which holds up the implementation of new policies, procedures, or collective bargaining agreements for one year or more as the parties work their way through these multiple roadblocks.

I firmly believe that the federal government will run more efficiently, and employees will be treated more fairly, if the WFAA reforms are enacted. The time has come to promote a personnel system that mirrors the market and requires management and employees to work together to achieve the same goals.

Thank you again, Chairman Porter, for allowing me the opportunity to stress the importance of moving ahead with the Working for America Act.